

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF MCLAUGHLIN)	APPEAL NO. 06-A-2451
SMITH TRUST from the decision of the Board of)	FINAL DECISION
Equalization of Valley County for tax year 2006.)	AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing November 9, 2006, in Cascade, Idaho, before Hearing Officer Steve Wallace. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Patricia McLaughlin-Smith and Donald Lee Smith (Trustees) appeared for Appellant. Assessor Karen Campbell, Chief Deputy Assessor Kimberley (Deedee) Gossi and Appraiser Michael Johnson appeared for Respondent Valley County. This appeal is taken from a decision of the Valley County Board of Equalization (BOE) denying the protest of the valuation for taxing purposes of property described as Parcel No. RP003420000230A.

The issue on appeal is the equity of the land assessment and the market value of improved residential property.

The decision of the Valley County Board of Equalization is reversed.

FINDINGS OF FACT

The assessed land value is \$106,700, and the improvements' valuation is \$293,700, totaling \$400,400. Appellant requests the land value be reduced to \$83,246, and the improvements' value be reduced to \$253,180, totaling \$376,946. The reduction in land value is based on a comparison to other assessed values (equity).

The subject property is a .459 acre improved rim (view) lot located just outside McCall. The residence was built in 2004. The value assigned to the improvements is not disputed. The property shares a community well with seven other lots and has a private septic system. The view, graded "good" by the Assessor's Office, includes a portion of Long Valley looking across the airport and at Jug Mountain in the distance.

Subject's assessed value increased for 2006. Appellant compared other nearby assessments and discovered the rate of increase over prior year assessed values was not consistent. Of particular concern, and driving this appeal, was the respective percentage change in lot values. The subject lot and other rim lots reportedly increased between 78% and 105% over 2005 values, while four interior lots (Lots 33-36) actually decreased in assessed value. These lots were assessed in 2006 in the low-to-mid \$20,000 range. At hearing Appellant made several other observations regarding assessed values and lot views of nearby parcels. Subject's subdivision, Addition No. 2, has a total of 36 lots. A number of other interior view and non-view lot values decreased. All 2006 improvement values within subject's subdivision increased over 2005 levels.

The subject property was appraised for finance purposes in February of 2006. A copy of the appraisal was not available. The appraisal's market value opinion was testified to be \$380,000. Appellant's representatives report discussions with others, such as a realtor, reveal this appraisal figure is most likely what the subject property is worth. The parties note the 2006 assessed value is a little over 5% higher than the recent fee appraisal.

The value claim for subject represents one-half the rate of increase reflected in the County's 2006 assessment. For subject's lot value, this equates to a 39.23% (\$23,456) increase over the 2005 land assessment. Taxpayer would make no change to the improvements value, for a total 2006 assessed value of 376,946. This "splitting the difference" is argued to be more equitable with other neighborhood property and to mitigate against the shifting tax burden -- from one side of the street to the other.

The County looked at sale information within subject's subdivision and admits there is a serious problem with some of the interior lot values. It is contended subject's assessed value

is reasonably reflective of market value and that the problem lies with other assessments. The next revaluation planned for the area will be for the 2008 tax year. The County noted however, that it is responsible to look at all property each year to insure proper assessments.

The trending of subject's lot value was related to the lot's view rating, which was "good." The interior lots were rated two classifications lower at "fair." The Assessor reported the subject lot had sold as bare land in June 2004 for \$80,000. To this figure \$8,000 was added for well and septic improvements with the development of the residence.

In support of subject's assessed value, all known sales in the immediate area were presented on appeal. It was reported that the last revaluation would have considered other sales information beyond subject's subdivision boundaries. Hearing testimony and exhibits revealed the following sale price information.

Sale No.	Sale Date	Sale Price	Assessed Value	Description
1.	5/2006	\$420,000	\$401,380	rim lot, .82 acres w/residence
2.	8/2005	\$155,000	\$98,700	rim lot, .459 acres
3.	8/2005	\$109,000	\$21,880	interior lot, .522 acres
4.	10/2005	\$155,000	\$23,550	interior lot, .675 acres

Only one lot separated Sale No. 2 from the subject lot. Sale No. 1 was four lots distant and the residence was built in 1991 with a very similar living area size (1,948 sq. ft. versus subject's 1,983 sq. ft.)

Respondent discussed how the subject lot and residence were equitably assessed with other "rim" properties. Rim properties and subject were argued to be assessed at or near market value. The equity and value problems raised by taxpayer were contended to rest with other lots having different ratings.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

This case presents a mixed issue of assessment equity and market value. Both parties note the lot assessments in subject's subdivision leave something to be desired, bordering on – or in fact representing, serious inequities.

Subject does not appear to be inequitably assessed with like-rated view (rim) properties. Nor is the total assessment of subject appear to be far out of line with its market value. In fact the lot assessment (\$106,700) appears rather low in comparison to a highly similar and very proximate lot sale (Respondent's Sale No. 2 for \$155,000.) Appellant's comparison of, and reference to, other nearby assessed values is not considered to be indicative of subject lot's market value. The fee appraisal at \$380,000 is considered under the circumstances some of the better evidence of subject's market value as is the County's Sale No. 1. However, Sale No. 1 did not take place until mid-2006 making it untimely for the 2006 assessment. The appraisal report supporting the fee appraisal was not available for the Board's (and County's) examination.

Respondent's Sale No. 1 was the only price evidence offered in support of subject's total assessed value. The sale was problematic where it occurred after the January 1, 2006 appraisal (assessment date) and may also have included some price appreciation. The County did refer to the fee appraisal figure as generally supportive of the 2006 assessment. The early 2006 fee appraisal more likely than not relied on timely 2005 sales information for comparable properties.

All the value evidence taken together suggests to the Board that subject is slightly over-assessed in comparison to the market value standard. Idaho Code §§ 63-201(10), 63-205(1).

The equity concerns are suggested to be relatively widespread throughout the subdivision. The County noted work on equity was needed, suggesting the main problem lied with other lots and not the subject lot (or rim lots.) This appears mostly correct, but doesn't address what the Board finds to be an unacceptable and unfair assessment of subject in 2006 and possibly for at least one future tax year.

If the inequities were more random, or subject was in fact under-assessed in total, an adjustment might be argued away. Exactitude and perfect uniformity are not requirements of the difficult task of ad valorem assessment. *Dexter Horton Trust & Sav. Bank v. Clearwater County*, 235 F. 743 (D. Idaho 1916), *aff'd*, 248 F. 401 (9th Cir. 1918); *Brammer v. Latah County Assessor*, 102 Idaho 437 at 438 (1981); *The Senator, Inc. v. Ada County, Bd. of Equalization*, 138 Idaho 566, 67 P.3d 45 (2003). Here a certain systematic discrimination is present among numerous residential properties near subject, which taken together with a modest over-valuation of the subject requires a corrective action. The BOE had an opportunity to address the equity concerns, they were mentioned in the BOE protest. However, the opportunity to address the interior lots was missed. Board jurisdiction lies only with the property under appeal.

On appeal and for the reasons and cause noted above, the Board will reverse the decision of the Valley County Board of Equalization and accept taxpayer's value claim of \$376,946.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Valley County Board of Equalization concerning the subject parcel be, and the same hereby is, reversed lowering the total assessed value to \$376,946. The Assessor may determine any issue of allocation between land and improvement categories.

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those

determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this 15th day of March , 2007.